

## Message Text

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PAGE 01 BAGHDA 01509 030553Z

ACTION NEA-10

INFO OCT-01 ISO-00 L-03 EB-08 TRSE-00 OMB-01 AID-05

IGA-02 XMB-02 CIAE-00 INR-07 NSAE-00 /039 W

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FM USINT BAGHDAD

TO SECSTATE WASHDC 4936

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US DEPARTMENT OF TREASURY

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E.O. 11652: N/A

TAGS: EFIN, EAID, IZ

SUBJECT: IRAQ ABROGATES WORLD BANK LOAN FOR GRAIN SILOS

REF: (A) 75 BAGHDAD 498 (B) BAGHDAD 1402

1. IRAQI NEWS AGENCY AUGUST 28 REPORTED THAT THE IRAQI GOVERNMENT HAD DECIDED TO ABROGATE ITS 40 MILLION DOLLARS WORLD BANK LOAN AGREEMENT FOR THE CONSTRUCTION OF GRAIN SILOS. REPORT QUOTES MINISTRY OF PLANNING SOURCE AS SAYING THAT THE "INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT HAS TAKEN A PREJUDICIAL STAND IN ITS DEALINGS WITH IRAQ. THE IBRD HAS NOT KEPT ITS COMMITMENT TO IMPLEMENT THE AGREEMENT... REGARDING THE EXECUTION OF THE FIRST STAGE OF THE SILOS PROJECT..."

2. IN ADDITION, GOVERNMENT NEWSPAPER EL-JUMHURIYA AUGUST 29 CARRIED SINGED INTERPRETATIVE ARTICLE SAYING THAT THE GOI ABROGATED THE LOAN AGREEMENT BECAUSE "THE WORLD BANK AND ITS TWIN THE INTERNATIONAL MONETARY FUND, ARE TIED TO AMERICAN FOREIGN POLICY ... THE UNITED STATES HAS FULL CONTROL OVER THE WORLD BANK AND THE IMF.... THEREFORE

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PAGE 02 BAGHDA 01509 030553Z

THE PURPOSEFULLY HOSTILE STAND OF THE WORLD BANK TOWARD IRAQ IS A NATURAL CONSEQUENCE OF IRAQ'S POSITION AS A LIBERATED COUNTRY STANDING IN THE VANGUARD OF DEVELOPING NATIONS OPPOSING IMPERIALISM'S PILLARS OF ZIONISM AND RACISM AND STRONGLY DEFENDING THE INTERESTS OF OPEC COUNTRIES."

3. COMMENT: LOAN AGREEMENT PROVIDED FOR FINANCING OF CONSTRUCTION OF 15 GRAIN SILOS AND THE EXPANSION OF THREE EXISTING GRAIN STORAGE FACILITIES. TOTAL INCREASE IN GRAIN STORAGE CAPACITY WAS TO BE 585,000 METRIC TONS. (SEE REF.A). GIVEN IRAQI SHORTAGE OF GRAIN STORAGE, WE EXPECT GOI WILL GO AHEAD WITH SILO PROJECT UNDER ITS OWN FINANCING.

4. FIRST STAGE, WHICH MINISTRY OF PLANNING SOURCE SPECIFICALLY MENTIONED, WAS AWARDED TO IRAQI STATE CONTRACTING CONSTRUCTION COMPANY. WE HAVE NO INFORMATION AS TO SUBSTANCE OF GOI - WORLD BANK DISAGREEMENT OVER FIRST STAGE BUT ONE POSSIBILITY IS WHETHER THE GOI COULD APPLY ITS BOYCOTT REGULATIONS TO A WORLD BANK FINANCED PROJECT. USINT WOULD APPRECIATE ANY INFORMATION DEPARTMENT CAN PROVIDE ABOUT SUBSTANCE OF DISAGREEMENT.

5. JUMHURIAY WRITER OBVIOUSLY TOOK OPPORTUNITY OF LOAN'S ABROGATION TO SPOUT CUSTOMARY PROPOGANDISTIC IRAQI LINE CONCERNING WORLD BANK/IMF. FOREIGN MINISTRY SHOULD PRESENT MORE SERIOUSLY CONSIDERED VIEWS IF IT REPLIES TO USINT ENQUIRY ABOUT ISSUES IRAQI DELEGATION INTENDS TO RAISE AT WORLD BANK/IMF MINISTERIAL MEETINGS TO BE HELD IN WASHINGTON AT THE END OF SEPTEMBER.  
MACK

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## Message Attributes

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